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MEMORANDUM OF UNDERSTANDING

BETWEEN

OFFICE OF LOGISTICS AND OFFICE OF COMMUNICATIONS

I. PURPOSE

This Memorandum of Understanding between the Office of Logistics and the Office of Communications is for the purpose of defining the procurement procedure connected with requirements cited in the Standard Communications Equipment List.

II. LEGAL BACKGROUND

Section 3 of the Central Intelligence Agency Act of 1949 (Public Law 110) granted to the Agency the right to exercise certain authorities contained in the Armed Services Procurement Act of 1947. However, Section 2(c)(13) of the Armed Services Procurement Act involving equipment standardization was omitted from the authorities specifically granted the Agency. This section permits negotiation where the purchase or contract is for equipment that is determined "to be technical equipment whose standardization and the interchangeability of whose parts are necessary in the public interest and whose procurement by negotiation is necessary to assure that standardization and interchangeability." The Armed Services Procurement Regulation (ASPR) which implemented the Armed Services Procurement Act has presented examples for applying Section 2(c)(13) as follows:

- "(i) to limit the variety and quantity of parts that must be carried in stock;
- "(ii) to make possible, by standardization, the availability of parts that may be interchanged among items of damaged equipment....

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"(iii) to procure from selected suppliers technical equipment which is available from a number of suppliers but which would have such varying performance characteristics (notwithstanding detailed specifications and rigid inspection) as would prevent standardization and interchangeability of parts." (ASPR 3-213.2a)

In 1951, after a review of the Agency's assigned responsibilities in the field of communications led the General Counsel to approve "standardization" as a necessary justification for procurement by negotiation, the then Deputy Director for Administration approved the first list of "standard" equipment. From that time to the present the Procurement Division has recognized standardization as a justification for sole source procurement provided the equipment required was cited on the approved standard list. In order to assure the consistent operation of the "Standard Communications Equipment List" a more formal understanding is proposed as the subject of this memorandum. (The approval of the use of the "standardization" provision was reaffirmed by the General Counsel in his memorandum of 6 March 1962 to the Chief, Audit Staff. This was on the stated ground that if the specific authorities in Section 3 of the CIA Act are not adequate to support the negotiations of "standardization" contracts, there is ample authority in Section 8 which provides that Agency funds may be expended for purposes necessary to carry out its functions "notwithstanding any other provisions of law.")

III. POLICY

- A. The practice of standardization of basic communications equipment, as represented in the Standard Communications Equipment List, (SCEL), will continue as Agency policy.
- B. Equipment cited on the SCEL will be purchased on a sole source basis by procurement authorities.

IV. PROCEDURES

It is agreed that the following methods and procedures will be followed or carried out by the two offices concerned in connection with the SCEL:

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A. Office of Communications

The Office of Communications is responsible for:

1. Preparing a list of standard equipment.
2. Furnishing the list, in alphabetical form by source, to the Procurement Division/OL.
3. Citing the SCEL on each requisition requesting the procurement of "standard" equipment; no codes need be cited.
4. Submitting appropriate justification to Procurement Division/OL for items added to the list. If the new item is a replacement for equipment on the list, the Procurement Division should be informed so that it may remove the replaced equipment from its copy of the SCEL.
5. Coordinating when appropriate, a source survey with the Procurement Division/OL on any new items added to the SCEL prior to their formal placement thereon.

B. Office of Logistics

The Office of Logistics is responsible for:

1. Maintaining the Standard Communications Equipment List and additions thereto as forwarded by the Office of Communications.
2. Procuring equipment cited on the SCEL sole source without further justification.
3. Providing a procurement engineer to sit on the Communications Equipment Board as an advisory, non-voting member who will advise on matters affecting the Procurement Division when the SCEL is being amended or up-dated.

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CONCURRENCES:

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Assistant General Counsel/OL

15 Oct. 1964

Date

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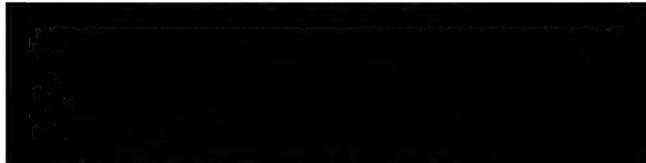


ALAN M. WARFIELD  
Director of Logistics

16 Oct. '64

Date

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Director of Communications

21 Oct. '64

Date

cc: DD/S

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